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The Government have since ordered that encumbrance certificates should be demanded only in cases where the loan amounts exceed Rs. 500 and that in cases of loans for Rs. 500 or below, the verification of registration records should be done by a person duly authorized by the Project Officers or Special Loans Talsildar.

[Note.—An asterisk (*) at the commencement of a speech indicates revision by the Member.]

III.—ANNOUNCEMENT BY THE HON. SPEAKER.

MESSAGE FROM THE GOVERNOR.

MR. SPEAKER: I have to announce to the House the following message, dated the 13th January 1956, received from the Governor of Madras :—

In pursuance of Article 207, clause (3), of the Constitution of India, I, Sri Prakasa, Governor of Madras, hereby recommend to the Madras Legislative Assembly the consideration of the Madras State Aid to Industries (Amendment) Bill, 1956.

IV.—PRESENTATION OF THE BUDGET FOR THE YEAR 1956-57.

* THE HON. SRI C. SUBRAMANIAM: Sir, I rise to present to this Legislature the Budget Estimates for 1956-57 and the Revised Estimates for the current year. Both these estimates reflect the adverse turn in our fortunes caused by the recent cyclone which devastated large tracts in the districts of Ramanathapuram, Tanjore, Madurai and Tiruchirappalli. The disruption to communications was so severe that it took time for information to trickle through to the centres of district administration. The Chief Minister immediately made an aerial survey of the affected areas along with Members of the Board of Revenue, and personally took charge of all relief operations. The havoc caused in the areas can be roughly assessed from the figures of 520 people killed, 35,000 heads of cattle and 110,000 sheep and goats perished in the floods, 300,000 houses damaged or destroyed, 500,000 trees, mostly coconut, uprooted and 4,600 irrigation tanks breached. Immediate arrangements were made to air-drop rice supplies to the marooned people. Gruel centres were opened in all the affected villages; and special staff was organized to restore communications, repair irrigation works, and assist the people to reconstruct their dwellings. A free grant of about Rs. 30 per family was made to all those who had lost their houses, and free distribution of clothing was also arranged to indigent people, especially women. Adequate stocks of foodgrains

Cyclone-
Relief

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were rushed to the area and sold at pre-cyclone rates, to keep down the price-level. Takkavi and subsistence loans are now being disbursed on a liberal scale for the relief of the middle-class people who had lost their houses, cattle, crops and other means of livelihood. Free supplies of chemical manures and seeds have been arranged wherever crops can be raised afresh. Water was let down from the Periyar Reservoir to the tanks in the Vaigai system which could be so replenished. Remissions will be granted on a generous scale and instalments of Takkavi loans will also be postponed. All steps necessary to place the stricken people back on their feet have been taken, and we may note with some satisfaction that this fact is being generally appreciated.

2. It is not easy to reckon the loss sustained by the people in terms of money, but we can have a measure of the distress from the cost to the Government on direct relief. The Revised Estimates for the year provide for an outlay of Rs. 150 lakhs on these measures; and the spill-over into the ensuing year is expected to be Rs. 212 lakhs, making in all about Rs. 3½ crores. Another sum of about Rs. 1½ crores will be required for distribution as loans to agriculturists. More than half the direct outlay will be on repairs to irrigation works, for which a special Superintending Engineer's Circle with five Executive Divisions has been organized. The Chief Engineer has been instructed to give the highest priority to this work and complete the repairs to all tanks by July, in time for the next monsoon rains. In view of the exiguous resources of local boards in the areas, it has been decided to repair the damaged roads and buildings in their charge at Government cost. Assistance is also being rendered to aided educational institutions on a liberal scale for repairs to their damaged buildings. Under the general orders of the Government of India on assistance in natural calamities, we may expect on specified items of relief, a 50 per cent grant on the first Rs. 2 crores of outlay, and 75 per cent grant on the outlay in excess of Rs. 2 crores. We have also sought a loan of Rs. 1 crore from the Centre for being disbursed as loans to agriculturists in the current year. Let us hope that the anticipated measure of Central assistance, the terms of which are certainly not ungenerous, will reach us in time.

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3. We must record our gratitude to the Prime Minister who gave the lead to our appeal for funds, with a donation of Rs. 2 lakhs from his Relief Fund. We should also be grateful to the King of Saudi Arabia who happened to be touring in the country at that time for a contribution of Rs. 50,000. The response from the general public has been most heartening, especially the fact that a large number of people of very small means and workers in organized industries have spontaneously come forward with their humble contributions in cash and kind. It is obviously not possible to name the individuals and institutions who donated generously, but special mention may be made of the Indian business community in Singapore and Malaya who made a handsome contribution of over Rs. 3 lakhs. Amongst the non-official relief organizations, the work of the Ramakrishna Mission stands out in high distinction. The workers of the Mission were in the worst-affected Vedaranyam area immediately after the disaster, and practically set the pattern of relief, for which the people in those villages will ever remember them. We owe a deep debt of gratitude to these workers and also the *Dinamani* Newspaper which organized the necessary relief fund to sustain them in the field. Our district officials in the area had to bear the brunt of this trying work, and they did discharge their duties with devotion and sympathy. Let us hasten to place on record our appreciation of the good work turned out by one and all of them. We may also note with satisfaction the speed with which the Railway administration repaired the damaged track and restored through communications in the affected areas.

4. Even though we regret the heavy loss sustained in this cyclone, we are thankful for the widespread rains which accompanied the gale. These rains were timely all over the State and have ensured fair seasonal conditions for the year. There is still some distress in the Nanguneri area of Tirunelveli district, and adequate measures are being taken to meet that local situation. Crop pests are being reported from certain districts but the department has been able to deal with them and avert extensive damage. Grain prices are steady and we may generally hope for a fair agricultural year. The storage in the Mettur Reservoir

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is, however, low and there may be some difficulty in maintaining power supplies in the summer, but let us hope that the reservoir will still get the necessary replenishment during the April showers.

Current
Five-Year
Plan

5. While presenting the Budget Estimates for this year, I had indicated that with the outlay of Rs. 25.83 crores proposed for the year on the present Five-Year Plan, that Plan would be implemented more or less in full. But the actuals of 1954-55 showed a gap of about Rs. 2 crores. This is being made up in the Revised Estimates for this year, now fixed at Rs. 27.92 crores and therefore, our expectations on the current Plan are being generally fulfilled. On irrigation and electricity works, which together account for 60 per cent of the planned outlay, we have reached the targets set in the Plan. There are short-falls in certain other departments like Agriculture, Highways, Public Health, Forests and Education which occurred mostly during the famine years owing to our inability to raise the necessary revenue resources during those lean years. This spill-over will be carried forward for implementation early in the new Plan period.

The New
Five-Year
Plan

6. The House had an opportunity earlier to discuss the broad outlines of the draft State Plan that was presented to the Planning Commission. The Commission suggested various modifications to limit the outlay within the resources in sight for the country as a whole. The pattern of Central assistance on the various schemes to be financed from the current revenues has yet to be finalised in many cases. The size of the State Plan will depend largely on the resources which can be raised within the State during the next five years. It is not, therefore, practicable, nor is it the intention of the Planning Commission, to give a precise shape to the Plan forthwith. Alterations will have to be made from year to year according to the availability of resources, both local and Central, and the ability of the administrative machinery to implement the Schemes sanctioned for that year. What is of immediate significance is the programme of work to be carried out during the coming year within the broad frame work of the Plan. Hon'ble Members may kindly peruse the list of nearly 500 new schemes proposed for inclusion in the Budget printed as an Appendix to the

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Budget Memorandum. A comparison of this list with the list of schemes of the various departments incorporated in the draft Plan already discussed in the House, will indicate the measure of fulfilment that may be anticipated during the Budget year. By and large, we propose to initiate during the year most of the worthwhile schemes included in our original draft.

7. In the field of agriculture, the main targets set **Agriculture** in the Plan are to increase the production of food-grains by 7 lakhs of tons and of sugarcane by one million tons. Since we have almost reached the limit on irrigation, the targets should be reached mainly by improved methods of cultivation. The Plan envisages the opening of 400 State-owned seed-farms of 25 acres each for the production of primary seeds which when multiplied will meet the requirements of the State. It is proposed to start 50 seed-farms in the Budget year mostly in the Extension Development Blocks. For the control of pests and diseases, 4 plant protection units will be opened in the year where insecticides and sprayers will be stored for being rushed to affected areas. A Central Sugarcane Research Station at Nellikuppam and a sub-station at Tiruchirappalli are being set up in the year. A scheme for the encouragement of the cultivation of sugarcane of higher sugar-content, is being initiated. Research Schemes on improved strains of millets and cashew and for the eradication of pests in betel-vines are being sanctioned. Provision is also being made for liberal loans for horticultural developments. The Agricultural College is being expanded to increase the admissions from 108 to 162. A new land colonization scheme to develop the Attapady valley in Malabar district is being sanctioned. The new road to open up this valley has been started last year and the work is making fair progress. Amongst the intensive manuring schemes, the provision for the distribution of about one lakh tons of ammonium sulphate is noteworthy.

8. In Animal Husbandry, our main effort should **Animal Husbandry** be on improving the breed of village cattle. But we are short of pedigree bulls and therefore we should rear up an adequate stock of them. That is the significance of the Key Village Scheme under which country bulls in the selected villages will be castrated

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and servicing will be done entirely through pedigree bulls and artificial insemination, so that in course of time the breed in the villages improves. We are extending the Key Village Scheme to 54 new villages in the year. A subsidy of Rs. 10 per month will be given for the proper maintenance of about 2,000 bull-calves born in key villages. These new breeding bulls will be stationed in Extension Centres outside the key villages and seven such centres will be opened during the year. The number of artificial insemination centres in urban areas is being increased by another 5. A new cattle farm is being opened in Ramanathapuram district, and improvements are being sanctioned to many of the existing farms. The College of Animal Husbandry is being strengthened so as to increase the admission from 80 to 120 in the College course, and from 55 to 100 in the Compounder's course. The details of the dairy scheme for Madras City are being worked out by a special officer, and it will be launched during the course of the year. Under this Scheme, a farm of about 4,000 milch cows will be started at Erukkancheri near Madras, so that the milk needs of the City can be adequately supplemented. The City sewage will be diverted to this farm for raising the required fodder. A Regional Poultry Development Farm of about 6,000 birds will be opened at Coimbatore during the year with 5 attached extension centres to serve the various extension service blocks.

Forests

9. We have not paid much attention to our forests during the First Plan period. Our Panchayat forests lie neglected, and it is proposed to make a start in their regeneration by taking up an extent of about 35,000 acres for soil conservation and tree planting. Systematic afforestation will be attempted on 45,000 acres of hill forests of the central districts. About 8,000 acres are being taken up for cashew cultivation and 5,000 acres for casuarina plantations. Intensive planting of valuable timbers like teak and rosewood under irrigated conditions will be started on 6,000 acres, wherever facilities occur. An attempt will also be made to grow these trees on river and canal margins in our deltaic areas. Industrial plantation such as blue-gum, wattle and match-wood will be started on the hill forests. Provision has also been made for improvements to communications for the better exploitation of interior forests. Amongst the

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miscellaneous schemes, mention may be made of the one for the improvement of the sanctuary for wild animals in Mudumalai in the Nilgiris and for the cultivation of pepper in reserved forests. A start will be made on all these Schemes of forest development and let us hope that the department will rise up to the accelerated tempo envisaged.

10. The new Plan hopes to cover the entire State with National Extension Services or Community Development Blocks and thereby to achieve a fair measure of fulfilment of the village and district plans. About 350 additional blocks will have to be taken up for this purpose. The Budget provides for the opening of 4 new blocks in the flood-stricken areas of Ramanathapuram district in April, 22 blocks spread over the State by October and another 28 blocks towards the end of the year for which preliminary work will be done during the Budget year. A sum of Rs. 278 lakhs has been ear-marked for these services. We have done rather well during the current year on Local Development works, for the benefit of areas not covered by Extension Services. The original provision of Rs. 83 lakhs was enhanced to Rs. 134 lakhs in the course of the year; and with the people's contribution in cash, works costing about Rs. 185 lakhs are expected to be done in the year. The Budget provision for the ensuing year is now being fixed at Rs. 80 lakhs enabling the execution of works costing about Rs. 120 lakhs including people's contribution. As the area under Extension Services enlarges, the expenditure under this head will gradually taper down.

Community
Development
and
National
Extension
Services

11. In the field of co-operation, it is proposed to implement some of the major recommendations of the Rural Credit Survey Committee on agricultural credit, warehousing facilities and Co-operative Marketing. We have to make a start in setting up the necessary apex institutions and their branch organizations in the countryside so as to enable the co-operative sector to handle at least 20 per cent of Agricultural credit and 10 per cent of the marketable agricultural surplus. Provision has been made in the Budget for subscribing Rs. 30 lakhs towards the share capital of a State Warehousing Corporation, Rs. 30 lakhs towards the share capital of 3 Co-operative Sugar factories and about Rs. 10 lakhs towards the development of marketing facilities. In order to train the

Co-opera-
tion

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necessary field staff, a new training institute is being opened at Madurai and the existing one in Madras is being upgraded into a College. On Co-operative housing, provision has been made for a loan of Rs. 56 lakhs to Urban Societies and grants and loans up to Rs. 10 lakhs for Industrial Housing Societies.

Irrigation.

12. Our Irrigation programme is making fair progress. The Lower Bhavani Project has been completed and practically the whole ayacut is now under cultivation. Irrigation has also commenced in the Malampuzha Project, but the right bank canal sanctioned recently will take some more time for completion. The Manimuthar, the Mettur Canals, the Araniar, the Mangalam and the Walayar Projects are expected to be completed in the Budget year. Work is in full progress on the Amaravathi, Vaigai, Sathanur and Krishnagiri Projects sanctioned last year. The Budget provision for all these works is Rs. 563 lakhs and additional sums will be made available, if our Engineers can accelerate the progress. Of the new schemes included in the Plan, the Meenakarai Scheme of Malabar estimated to cost Rs. 50 lakhs will be started at once, making use of the staff and machinery expected to be released from the Walayar and Mangalam Schemes. There is a provision of Rs. 2 lakhs for this scheme in the Budget. Token provision only has been made for the other approved schemes of Kattalai, Pullambadi, and Vidur, since it is proposed to speed them up only as machinery and men are released from other projects now nearing completion. There has been a temporary upset in the minor irrigation programme due to diversion of staff for repairing the tanks breached in the cyclone in Ramanathapuram, but this will soon be made up and the programme will be accelerated. A provision of Rs. 123 lakhs has been made in the Budget for the minor irrigation programme, which includes an experimental scheme of desilting of tanks, wherever that can be done with economy. We are also sinking about 30 tube-wells in the year at a cost of about Rs. 6 lakhs.

Electricity

13. Steady progress is being maintained on our Electricity programme. The Revised Estimates for this year show an outlay of Rs. 11.47 lakhs which is practically the same as in the Budget Estimates.

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Work is in full swing on the Periyar Project and preliminary works have commenced on the Kundah Project. Our expectation that about 600 villages can be electrified during this year will be fully realized, since we have already done about 550 villages by the end of January. The provision for the ensuing year is now fixed at about Rs. 13 crores, and this includes a sum of Rs. 2 crores on the Kundah Project, the first stage of which can be completed in the Plan period at a cost of about Rs. 23 crores to release about 145,000 kilo-watts of power. The Rural Electrification programme will be maintained steadily, and more than 600 villages can be expected to receive the benefit in the Budget year. Investigation has been taken up for the development of further seasonal power from the vast irrigation discharges at Mettur. All this power can be firmed up and made full use of in industry, when the Neiveli Lignite Project becomes an accomplished fact in the near future, as indeed all of us earnestly hope.

14. Even though our road system is comparable **Highways** to the best in the country, the progress has not been as fast as we had originally planned; and there was appreciable short-fall in the outlay during the first Plan period. It is now proposed to accelerate the pace, more particularly on village communications; and for this purpose, a grant of Rs. 45 lakhs is being made to local bodies. A substantial portion of the allotment for Local Development Works will also be spent on village roads. With the augmentation of the resources of local bodies by the proceeds of the levy of 2 annas in the rupee on land revenue, authorized in the current year, we may hope that these bodies will be able to maintain the new village roads adequately. To give them further relief, the maintenance of about 450 miles of district roads will be taken over from them at an annual cost of Rs. 12 lakhs. The provision for the improvement of State roads and bridges is now fixed at Rs. 109 lakhs as against Rs. 41 lakhs in the current year. Larger funds will be ear-marked for the black-topping of important stretches of State Highways. In addition, an outlay of Rs. 97 lakhs has been programmed in Malabar and South Kanara on the West Coast Road, Rs. 67 lakhs on roads of inter-State and economic importance, and Rs. 71 lakhs on National Highways, all financed from Central revenues.

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Public
Health

15. On the medical side, the Plan provides for the opening of 140 new Health Centres, each in charge of an Assistant Surgeon, to serve the needs of rural areas. Twenty-eight of these new medical institutions will be started in the Budget year at a cost of about Rs. 12 lakhs. Six taluk headquarters hospitals, 18 rural dispensaries, 3 local-fund dispensaries and one private women's hospital will be taken over for direct Government management. Additional buildings will be provided for the taluk headquarters hospitals of Badagara and Karkal. Three mobile medical units in Malabar and one in North Arcot will be sanctioned for the benefit of hill-tribes. The bed strengths of district and taluk hospitals are being increased wherever additional space has been made available. Large sums have been ear-marked for providing additional buildings and amenities for the teaching hospitals in the City and Madurai. A new mental hospital will be opened at Madurai. Provision is also being made for training an increased number of nurses and maternity assistants and for sending medical officers overseas for higher studies. In public health, 120 new maternity centres are being opened. Another mobile epidemic unit with 2 jeeps, is being added to the existing strength.

Water-
Supply

16. Our Rural Water-Supply programme is now made up of 3 parts: the comprehensive programme financed in full by the State; the National Water-Supply programme for the benefit of areas with a heavy incidence of cholera on which we get a half-grant from the Centre; and the Local Development programme on which the Centre meets the full cost. We are collecting contributions from villagers and panchayats, wherever possible, and operating the 3 schemes under one agency. The provision in the Budget under all these three heads is Rs. 95 lakhs; and with the anticipated people's contribution, works costing about Rs. 150 lakhs may be done in the year. On urban water-supply, we have started works in about 15 municipalities, and the City Corporation has also launched an ambitious programme of improvements including the installation of mechanical filters. Progress has been somewhat slow in the current year and the allotment of Rs. 174 lakhs may not all be spent. The spill-over will be added on to the provision of Rs. 145 lakhs for the Budget year and the works will be speeded up.

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17. Our Plan for education has been reduced by **Education.** the Planning Commission to about half its original size, and therefore we have to re-examine the schemes. The House should also have an opportunity of discussing the recommendations of the Dr. Alagappa Chettiar Committee on Elementary Education before the development programme of the department is finalized. In the meanwhile, it is proposed to include only a lump-sum provision of about Rs. 125 lakhs in the Budget, made up of Rs. 95 lakhs in the revenue account and Rs. 30 lakhs for buildings under Capital. This provision will be suitably enhanced during the course of the year, as the new schemes are ready. Within the present limited provision, about 2,000 new classes will be added to strengthen the existing elementary schools and also to open new schools, wherever necessary. Sixteen more ordinary training schools will be converted into basic training schools. The bifurcated courses of study in secondary schools and craft training in middle schools will be extended to a few more schools. The disparity in the scales of pay of secondary grade teachers employed in the different types of schools, has been causing some discontent and it is proposed to remove this and bring all secondary grade teachers on to the higher scale. Children of elementary school teachers, police constables and head constables and last grade Government servants will be given full fee concessions instead of half, in Forms IV to VI. It is hoped that these concessions may gradually be extended to other classes of people in coming years, so that school education is free to all poor children. It is also proposed to give scholarships to about 10 per cent of the poor boys attending professional colleges, the grants being made purely on considerations of merit.

18. The welfare of Harijan and Backward Classes **Harijan and Backward Classes.** continues to receive the close attention of the Government. Of late, the Government of India has been giving several scholarships to students of these communities, the awards being made largely on merit, and this goes an appreciable way to supplement our efforts. The proposed provision in the Budget on these services is Rs. 134 lakhs, as against Rs. 118 lakhs in the Revised Estimates for the current year. Our expenditure on these ameliorative measures is now more than what it was for the Composite State, before the separation of Andhra.

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Handloom

19. From the list of New Schemes for the year, Hon'ble Members may see that our largest effort in the year is on village and small-scale industries. The pattern of development in this field has been laid down broadly by the Karve Committee in their report published recently. We are glad to note that our contention that the handloom industry should be fully protected, has been emphatically upheld by the Committee which has further suggested that the turnover of mills should be frozen at about the existing capacity, reserving further cloth production to the handloom. The Committee has recommended an outlay of Rs. 80 crores during the Plan period for the rehabilitation of the handloom industry, of which the allocation to this State is Rs. 22 crores. The various schemes to be implemented in the year have yet to be approved by the All-India Handloom Board, and they will be sanctioned in the course of the year for which a sum of about Rs. 1½ crores will be released from the Central Cess Fund. Broadly, the schemes envisaged are for enlarging Co-operative production and marketing organizations to control about half the turnover of the industry; for improving the technique and patterns; and for subsidizing the sale, so as to enable handlooms to compete on even terms with mill goods. We may note with satisfaction that the industry has already turned the corner; and with the measures now envisaged, let us hope that the 6 lakhs of weavers in the State will face the future with hope and confidence.

Khadi

20. The Karve Committee has also recommended a substantial increase in the production of khadi to absorb idle agricultural labour and has ear-marked a large outlay for that purpose in the Plan period. The controversy whether further development should be only through the Ambar Charka, is still going on and presumably accounts for the delay in the Statewar allocation of the intended outlay. In the meanwhile, we are starting 25 new Khadi Development Centres immediately to benefit about 12,500 spinners and 400 weavers. We are also opening 5 workshops for the manufacture of ordinary charkas and allied implements to meet the needs in our villages.

Village Industries

21. On Village Industries, it is proposed to assist village artisans by providing cheap credit, by supplying improved tools on hire-purchase, raw materials at cost

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price and land free of cost for setting up their workshops. Schemes are also being sanctioned for the encouragement of hand-pounding of rice, oil-pressing in country ghanis, cotton-ginning, tanning, bee-keeping and other village avocations. A few multi-purpose work centres will also be opened for the training of village artisans.

22. Under handicrafts, it is proposed to establish sale emporia in Bombay, Calcutta and Delhi. Several training-cum-production centres will be opened for art metalware, bell-metalware, cutlery, paper toys, palmyra fibre works, cane works, bamboo articles, cumblies, lace embroidery, glass bangles, etc. We are also proposing a few schemes on the co-operative pattern for the development of the coir industry in Malabar. Handicrafts.

23. Our approach to the development of small-scale industries is from many directions. The State Aid to Industries Act is being amended to permit the grant of loans on a more liberal scale without too rigid an insistence on the margin of security. The Bill will come before the House in the current session and a provision of Rs. 20 lakhs has been made for disbursement as loans. It is proposed to supply machinery on the hire-purchase system for which a sum of Rs. 6 lakhs has been allocated. There is also provision for subsidy towards transmission lines and power supply to new industries. Five new industrial schools are being opened and improvements are being made to all the polytechnics, so as to double their capacity. Mobile units of carpentry and blacksmithy are being organized to tour the villages and assist and better equip village artisans. Work has just commenced for starting 3 industrial estates at Guindy, Palghat and Virudhunagar, and a fourth one, the location of which has not been settled, is proposed for the next year. These estates will provide built-up factory space with all amenities like communications, power, water-supply, sanitation and servicing facilities. For the present, they will be owned by the State, but as the Estates develop, the management can be handed over to co-operative organizations. A large number of service-cum-production centres are being opened in articles like finished leather, laboratory equipment, surgical instruments, agricultural implements, hand tools, brassware, electrical goods, textile Small-scale Industries.

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mill goods, sports goods, etc. The emphasis of these institutions will be on the training of personnel for absorption in the private sector; the production side being intended mainly to educate the trainees on the commercial aspects of manufacture. These units may in due course be handed over to industrial co-operatives for management. In selecting the location of these units, the department will naturally go by the availability of raw materials, but it will also have an eye on fair regional distribution. The programme does look ambitious but the units will be started, only as and when qualified experts are secured to run them. Let us hope that the measures proposed for the year will soon materialise and go an appreciable way towards generating an industrial climate in our State, so badly needed at the present juncture.

Revised
Estimates,
1955-56.

24. The Revised Estimates for the current year as now fixed, show a Revenue of Rs. 52.68 lakhs and expenditure of Rs. 54.89 lakhs, leaving a deficit of Rs. 221 lakhs. There is a betterment in revenue over the Budget Estimates of Rs. 71 lakhs under ' Stamps ', presumably due to larger filing of suits in courts, after the lifting of the Moratorium; Rs. 60 lakhs under ' Forests ' owing to higher prices of sandalwood; and Rs. 50 lakhs under ' Agricultural Income-tax '. The balance of the increase in Revenue is due to larger departmental receipts and grants from the Government of India, on Community Development, National Extension Services, Local Development Works and Grow More Food Schemes. The increase in expenditure is accounted for by the expansion in development services and the outlay on cyclone-relief amounting to about Rs. 150 lakhs in the year. Variations from the Budget Estimates under each head are explained in detail in the Budget Memorandum. The Capital expenditure is expected to be about Rs. 20½ crores, which is practically the same as in the Budget Estimates, and the small variations under individual heads call for no special remarks. Under ' Loans and Advances ', the net disbursement is expected to be Rs. 576 lakhs, registering an increase of about Rs. 2 crores from the Budget Estimates. The bulk of the increase is on the larger outlay in the area affected by the cyclone. The year is expected to close with a fair cash balance of nearly Rs. 2 crores, and

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this was made possible by the remarkable success of our open market loan of the year. As against the advertised sum of Rs. 7 crores, subscriptions amounted to over Rs. 14 crores, and we ultimately accepted about Rs. 10½ crores.

25. The Budget Estimates for 1956-57 anticipate a Revenue of Rs. 59,33 lakhs on existing level of taxation, and an expenditure of Rs. 62,44 lakhs leaving a deficit of Rs. 311 lakhs. The Revenue shows a rise of about Rs. 6½ crores from the Revised Estimates for the current year, but about half of this increase is not real. Land-cess and surcharge on Stamp Duties payable to local bodies were hitherto deducted from the receipts under 'Land Revenue' and 'Stamp Duties' respectively, and the net receipts under these two revenue heads were alone taken into the Budget. A change in this procedure has now been directed by the Auditor-General, according to which the gross receipts under these heads will be shown in the Budget as 'Revenue', and the disbursements to local bodies will be shown on the expenditure side of the Budget, with the resultant bloating of the Budget figures to the extent of about Rs. 3 crores. Real increases in revenue are expected on electricity schemes by about Rs. 40 lakhs, due to the enlargement of the grid; on Agricultural Income-tax by about Rs. 50 lakhs, as that measure turned out to be more paying than originally anticipated; and in Central Grants by about Rs. 110 lakhs, consequent on the expanding tempo of development expenditure eligible for Central assistance. It has been our practice to debit to the Revenue Account, several items of expenditure of an essentially Capital nature as on roads, bridges, water-supply and the smaller building schemes costing less than Rs. 5 lakhs. The Government of India in consultation with the Auditor-General has now advised us that these items of expenditure may in future go to the Capital Account, since the works do leave behind material assets of a lasting nature. Grants to local bodies and other public institutions for works of this nature may also be debited to the Capital Account initially, but may be written back to the Revenue Account in instalments over a period of say, 15 years. Even though this is a departure from the conservative finance we have been following all these years, we propose to make this change from the

Budget
Estimates,
1956-57.

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Budget year. We are now well-set on a more rapid pace of development on all sides and therefore we need not stifle our efforts by attempting to shoulder burdens, which the coming generation can bear with greater ease. Under the revised procedure, the relief to the Revenue Account in the Budget is about Rs. 350 lakhs, which means that the revenue deficit for the year would have been about Rs. 6½ crores but for this change.

Concessions
to Public
Servants.

26. The Budget provides for a few concessions to public servants, besides the ones I had already indicated while dealing with Education. The salaries of village officers in Estates taken over by the Government are being upgraded to the level of those in ryotwari areas. This measure is expected to cost about Rs. 4 lakhs per annum and will benefit a large class of loyal public servants. The scales of pay for Veterinary Assistant Surgeons and Livestock Inspectors are being revised and a compensatory allowance is being given to those Assistant Surgeons working in key villages. Deputy Jailors and Jailors in charge of special sub-jails will get a little enhancement in their pay. Upper Division Clerks in the Secretariat will get higher increments in the earlier stages of their career. Certain disabilities of typists and stenographers in the fixation of their pay on promotion and of Personal Assistants and Clerks of Ministers in their leave salary, are being removed. Attenders in Government offices and Civil Courts will get a slight enhancement in their annual increments. Copyists and Examiners in Criminal Courts will be put on regular scales of pay instead of being paid on the basis of piecework. Head Accountants and Superintendents in Settlement Offices will also be put on incremental scales of pay instead of the present fixed pay. The scales of pay of compounders and Lay Secretaries of Hospitals will be revised in their favour. District Officers will be given a higher rate of mileage on journeys in excess of 40 miles, when done in their own motor vehicles. These concessions taken individually are indeed of small financial consequence, but the cumulative effect of all of them is appreciable.

New
Taxation.

27. The deficit of Rs. 311 lakhs is indeed substantial and cannot all be left uncovered. The necessity for balancing the Budget is greater now, since we have already used up the concealed margin

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in the Revenue Account by the transfer to Capital of about Rs. 3½ crores of outlay hitherto met from current revenues. Our commitments on development schemes are bound to accelerate; and we cannot hope to implement an ambitious Plan, without accepting the necessary sacrifices. It is therefore proposed to introduce the following new measures of taxation:—

(a) The tax on diesel oil will be enhanced from 1½ annas to 4 annas per gallon to bring in an additional revenue of Rs. 30 lakhs per annum.

(b) An additional sales-tax of one anna in the rupee will be levied on the sale of sugar at any one suitable point, to yield about Rs. 40 lakhs per annum.

(c) The rate of supply of electric energy to licensees and bulk consumers on the High Tension tariff in the Hydro-electric areas will be stepped up by 30 per cent. The present rates based on pre-war conditions are in many cases found to be below the bare cost of generation. The enhancement will not apply to consumers supplied by the Madras Electricity System. The Railway administration will be exempted from this enhancement. New industrial concerns will also be exempted from the extra levy for the first 3 years after the commencement of production. The proposed measure may bring in about Rs. 45 lakhs per annum.

(d) Ryotwari assessment will be levied on Inam lands in lieu of quit-rent. This measure may bring in about Rs. 30 lakhs per annum.

The one tax relief proposed is the exemption from sales-tax on the sale of palm-gur at all points.

With the additional taxation now proposed, the Revenue gap will be reduced to Rs. 166 lakhs. The deficit is still large but should not cause alarm, because it is of the order which can be wiped off by the upward trend in revenues in a year of fair seasonal conditions. Besides, it is not unlikely that the readjustments in taxation proposed in the Central Budget may give us something on items of Central Revenue shared with States. It is therefore proposed to leave the Revenue deficit uncovered.

28. The Capital Expenditure for the year is estimated at Rs. 27,61 lakhs made up of Rs. 13,07 lakhs on Electricity, Rs. 593 lakhs on Irrigation, Rs. 415 lakhs on Roads and buildings, Rs. 191 lakhs on

Capital
Expendi-
ture.

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Industrial Development, Rs. 133 lakhs on Public Health and Rs. 122 lakhs on other items. Of the expenditure on buildings, a sum of Rs. 85 lakhs is for the construction of quarters for police subordinates in the City and the mufassal. We have drawn up a housing programme for policemen costing about Rs. 5 crores to be implemented during the Plan period, so as to ensure the personnel of this Security Service fair living conditions in all the districts. Another significant item in the Capital Head is the provision of Rs. 67 lakhs for the purchase of about 150 new motor vehicles for augmenting the City Transport.

Loans and
Advances
1956-57.

29. Under 'Loans and Advances' the anticipated outlay is Rs. 861 lakhs. This sum includes Rs. 110 lakhs to local bodies for urban water-supply and drainage schemes; Rs. 80 lakhs for short-term loans to the Madras Industrial Investment Corporation to augment their resources; Rs. 132 lakhs for loans in the National Extension Service and Community Development Project areas; and Rs. 65 lakhs to Weavers' Co-operative Societies in pursuance of the schemes financed from the Handloom Cess Fund allocations. Recoveries during the year are expected to be Rs. 410 lakhs, leaving a net outlay of Rs. 451 lakhs.

30. Our requirement on 'Ways and Means' during the next year will be about Rs. 38 crores made up of—

	RS. LAKHS.
Capital Expenditure	27,61
Net disbursements under Loans and Advances	4,51
Repayment of debts to the Government of India and the public	3,68
Revenue Deficit	1,66
Balance to be kept in the Reserve Bank of India and Treasuries	50
Total ..	37,96

As against these requirements, we hope to have an opening cash balance of Rs. 166 lakhs and a net credit within the year of Rs. 180 lakhs under Deposit heads and State Trading Schemes, making a total of Rs. 346 lakhs. The Budget assumes that we will get loans from the Centre and the open market to cover the balance amounting to about Rs. 34½ crores.

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31. The proposed outlay in the Budget on Schemes included in the New Plan is Rs. 37.30 crores. To this must be added the cost of the new schemes financed from the Handloom Cess Fund which may amount to about Rs. 1 crore, making a total planned outlay of about Rs. 38 crores. This is somewhat in excess of the phasing suggested by the Planning Commission, but it cannot be helped in view of the large spill-over from the First Plan on Capital works in progress. The Planning Commission has indicated that the size of the State Plan should be restricted to about Rs. 170 crores, as against our revised proposal for about Rs. 221 crores. The major cuts suggested by the Commission are on Education, Housing and Urban Water-supply and on the total so pruned down, a further lump-sum cut of 5 per cent has also been imposed. The final picture is still obscure, because we find from the recommendations of the Karve Committee that the allotment to this State on Village and Small-Scale Industries will be of the order of Rs. 30 crores, as against the provision of Rs. 16 crores now embodied in the Plan. But we need not be unduly perturbed over these tentative figures. As I stated earlier, what is of immediate consequence is our performance in the first year of the Plan. The size of our Plan will depend on our ability to raise the internal resources and the competence of our administrative machinery to implement the schemes. The Plan will be reviewed each year and the programme for the next year will be shaped according to the accomplishments in each year. The Budget does contain adequate provision for making a fair start on the Plan and let us hope that we can improve on our performance in succeeding years.

Outlay on
the New
Plan.

32. But there is one other aspect which should cause us some real concern. The bulk of the proposed outlay in the National Plan is for the development of basic industries, mainly iron and steel, and improvements to the transport system to match that development. It does not appear that any sizable portion of that outlay, amounting to about Rs. 2,000 crores in the public sector, will be in the South. It is indeed true that we have no coal, but that does not alter the fact that the industrial development envisaged in the Plan for the Southern States is inappreciable. There is the Lignite Project for which a sum of Rs. 50 crores has been ear-marked, but this will not

Major
Industries.

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improve the ratio very considerably and besides, the project is still at the experimental stage. It is therefore very necessary that on other major industries, in the location of which there is a wider margin of choice, some preference should be given to this area, where perhaps the pressure of population per acre of cultivated land is the greatest. We can provide, all the necessary facilities for the proposed heavy electrical plant. We have cheap power in our grid for the manufacture of aluminium from the bauxite deposits of Salem. We are at no great disadvantage on the location of a plant for the fabrication of heavy machinery from the new steel output. Representations have been made on all these matters, and I am confident that the House will join with me in endorsing this stand so that these points, so vital to our economic growth, are adequately considered by the Planning Commission and the Government of India.

33. Before I close, let me place on record the grateful appreciation of the Government for the heartening response of the people to the State Loan floated earlier this year. To implement an ambitious Plan, we must depend increasingly on the savings of the people and I confidently count on their continued support in the search for fresh resources. The Finance Secretary, Sri T. A. Varghese, and his Assistants have worked hard on the Budget, and I am grateful to them for all their advice and guidance on prudent spending.

With these observations, Sir, I present the Budget Estimates for 1956-57 for the consideration of the House.

Thank you, Sir. (Applause.)

MR. SPEAKER: The House will now adjourn and meet again at 9 a.m. tomorrow.

The House then adjourned.